



Date: February 2, 2017
To: City of Stockton Audit Committee
From: Mark Steranka, Internal Auditor
Subject: Internal Audit Program, Budget Adjustments

The FY 16-17 Internal Audit Program has several components, including placeholders for a Performance Audit and ERP Preparation Support, as well as continued internal controls testing and process improvement. Based on discussions with the City and progress to date, we propose the following adjustments to components of the FY 16-17 budget:

- At the direction of the Audit Committee, utilize the Performance Audit budget to conduct a Diversity Study at the budgeted amount of \$50,000 (approved 12-12-16)
- At the request of City management, utilize the ERP Preparation Support budget to perform Document and Records Review in preparation for ERP implementation by using \$38,500 of the budgeted amount of \$50,000.
- At the request of the Internal Auditor, due to the extended duration of overall internal controls testing work and detailed cash handling improvement recommendations, utilize the Internal Controls Improvement budget for continued internal controls testing at up to the budgeted amount of \$55,000.

None of these changes will increase the overall FY 16-17 program budget. Thanks very much.